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Chairman: Mr. Chowdhury (Bangladesh)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Mselle

Contents

Organization of work

Agenda item 114: Review of the efficiency of the administrative and financial
functioning of the United Nations (*continued*)

Agenda item 116: Programme budget for the biennium 1998-1999 (*continued*)

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The meeting was called to order at 10.20 a.m.

Organization of work (A/C.5/52/1/Add.4, A/C.5/52/53, A/C.5/52/L.34)

1. **The Chairman** drew attention to two letters from the President of the General Assembly addressed to the Chairman of the Fifth Committee, namely document A/C.5/52/1/Add.4 regarding the allocation to the Committee of a new agenda item, item 161, entitled "Financing of the United Nations Mission in the Central African Republic", and document A/C.5/52/53 concerning General Assembly decision 52/477, entitled "United Nations reform: measures and proposals", with particular reference to the first paragraph of that decision. He also drew attention to the note by the Bureau on the status of preparedness of documentation (A/C.5/52/L.34).

2. The reports allocated to the Committee under General Assembly decision 52/477, namely the report of the Secretary-General on a revolving credit fund (A/52/822), the note by the Secretary-General on the utilization of the Development Account (A/52/848) and the note by the Secretary-General on the impact of the implementation of pilot projects on budgetary practices and procedures (A/52/852), had been listed under agenda item 116. As requested by the General Assembly, the Committee would, at the current part of the resumed session, consider only the note by the Secretary-General on the utilization of the Development Account (A/52/848).

3. The Bureau had periodically reviewed the status of preparedness of documentation with the Secretariat and with the Advisory Committee on Administrative and Budgetary Questions (ACABQ). It had been advised that, because of the large number of reports to be considered, the Advisory Committee had been able to take up only issues relating to peacekeeping operations which were to be considered at the current part of the resumed session in accordance with General Assembly resolution 49/233.

4. The note by the Bureau on the status of documentation (A/C.5/52/L.34) contained two sections: section A contained a list of questions for consideration during the second part of the resumed fifty-second session, and section B contained a list of questions for consideration during the fifty-third session of the General Assembly.

5. **Mr. Atiyanto** (Indonesia), speaking on behalf of the Group of 77 and China, said it was regrettable that the chronic problem of the late submission of documents continued and that some important reports had not yet been issued. Furthermore, most reports had not been issued in

accordance with the six-week rule. In that connection, he referred to the letter dated 26 February 1998 from the Acting Chairman of the Group of 77 and China (A/C.5/52/40) underscoring the need for documents to be issued in compliance with that rule. The Group of 77 and China and other Member States had repeatedly called for the timely submission of documents in accordance with decisions of the General Assembly; non-compliance with the relevant rules and General Assembly resolutions adversely affected the smooth and efficient functioning of the Committee.

6. It was disappointing that some recent reports lacked substantive and comprehensive information and were of poor quality; that would only impede the work of the Committee. It was also a matter of concern that documents which had not been requested by the legislative bodies had been submitted, while documents requested by the General Assembly had not been issued on time. The responsible officials in the Secretariat should explain the reasons for the late issuance of documents. It was, moreover, regrettable that documents were not being submitted in accordance with paragraphs 24 and 25 of General Assembly resolution 52/214 B and decision 52/471.

7. Because of time constraints, the Committee should establish priorities in its programme of work. Ample time should be devoted to the following issues: the support account; the programme budget for the biennium 1998-1999, particularly the utilization of the Development Account and the reduction and refocusing of non-programme costs; gratis personnel; and the financing of the United Nations peacekeeping operations.

8. The Group of 77 and China were concerned that the list of documents did not include the Secretary-General's proposals on savings made in financing the activities of the United Nations Conference on Trade and Development (UNCTAD), as requested by the General Assembly in resolutions 51/167 and 52/220 and General Assembly decision 52/426. The Secretary-General's comments should be issued at the earliest possible time for consideration during the current part of the resumed session or during the third part of the resumed session at the latest, as the Trade and Development Board had just adopted its recommendations on the report that had been requested. The Secretariat should explain the reasons for the inordinate delay in the submission of that report.

9. The Group of 77 and China stressed the importance and need to respect the current decision-making frameworks of both formal meetings and informal consultations in order to ensure full transparency in the consideration of all agenda items.

10. **Mr. Moktefi** (Algeria) said that his delegation fully supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China. The priorities identified by the Group of 77 and China must be taken into account, and there must be full transparency so that all delegations were fully involved in the decision-making process.
11. With regard to the reports and notes allocated to the Committee under General Assembly decision 52/477, his delegation felt that, although the note by the Secretary-General on the utilization of the Development Account (A/52/848) could be considered under agenda item 116, the other two documents (A/52/822 and A/52/852) should be kept under agenda item 157 or considered under agenda item 114.
12. **Mr. Bond** (United States of America) said that his delegation was now ready to take up the issue of third-party liability, under agenda item 142 (a), an issue which had been deferred at its request. It should, however, be taken up at a time when representatives of the Office of Legal Affairs could be present.
13. **Mr. Sulaiman** (Syrian Arab Republic) supported the view expressed by the representative of Indonesia on behalf of the Group of 77 and China with regard to the delay in issuing documentation. He especially regretted that the reports of ACABQ on the United Nations Disengagement Observer Force (A/52/860/Add.5) and the United Nations Interim Force in Lebanon (A/52/860/Add.6) had been issued late, even though ACABQ had concluded its consideration of those reports much earlier. The Secretariat should have expedited them. Without those two documents, his delegation was unable to take a decision on item 122 (Financing of the United Nations peacekeeping forces in the Middle East).
14. **Mr. Odaga Jalomayo** (Uganda) said his delegation hoped that issues would be considered on their merits, not through linkages, and that information would be provided in a timely manner. It fully subscribed to the statement made on behalf of the Group of 77 and China.
15. His delegation was appalled at the substandard quality of some reports. It had repeatedly raised concerns about the risk that savings might be effected at the expense of the quality of work. The level and quality of work must be maintained or increased, or the future of the Organization would be in jeopardy.
16. Since there were many issues to be considered, the Committee must be pragmatic and adjust its programme to the time available. Certain non-priority items had been included, while other items, including items relating to crimes against humanity, had not been included. His delegation, and other African delegations, attached very great importance to the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, which must be accorded the highest priority. His delegation believed that reform was an ongoing process and should be given priority over all other issues. The Committee should also concentrate on issues related to peacekeeping.
17. **Mr. Sial** (Pakistan) said that his delegation fully supported the statement made on behalf of the Group of 77 and China. It was regrettable that the Committee was once again facing the chronic problem of the late submission of documents and still awaiting comments by the Advisory Committee on several reports. It was important that all documents should be issued in accordance with the six week rule and in compliance with the provisions of General Assembly resolution 52/214 B and General Assembly decision 52/471. The focal point in the Department of General Assembly Affairs and Conference Services should ensure full implementation of paragraphs 24 and 25 of General Assembly resolution 52/214 B. The Secretariat should explain the reasons for the delay in the submission of reports.
18. The Committee must devote sufficient time to the issues mentioned by the representative of Indonesia on behalf of the Group of 77 and China. His delegation shared the concern about the poor quality of some reports submitted to the Committee.
19. **Ms. Buergo Rodriguez** (Cuba) said that her delegation fully associated itself with the statement made on behalf of the Group of 77 and China. It deeply regretted the delays in the submission of reports and the poor quality of some reports, which had an adverse effect on the Committee's work. It was also concerned that some reports which had not been requested by the General Assembly had been submitted, while reports which had been requested had been submitted late. Her delegation fully supported the priorities identified by the representative of Indonesia on behalf of the Group of 77 and China. There was an urgent need for the Committee to consider the issue of savings made in the financing of UNCTAD before the end of the fifty-second session, so that the General Assembly could make use of those savings.

20. **Ms. Emerson** (Portugal) asked when the report of the Office of Internal Oversight Services regarding the financing of the United Nations Observer Mission in Angola would be available.

21. **Mr. Watanabe** (Japan) said that the Committee's meetings should begin punctually. If every meeting started 20 minutes late, as had the current one, the Committee would waste hours of valuable time over the next three weeks. He shared the views expressed by the representative of Indonesia, on behalf of the Group of 77 and China, concerning the Committee's priorities for the current part of the resumed session.

22. **Mr. Saha** (India) said that he shared the views expressed on behalf of the Group of 77 and China, as well as the concerns regarding the lateness or superficiality of some of the reports. He asked the Secretariat to provide details on the difficulties it had faced in preparing the documentation. If those difficulties were due to fundamental problems, Member States should be so informed so that they could take pragmatic steps to address the situation.

23. **Mr. Armitage** (Australia) said that the absence of some key reports pointed to deep-rooted problems with the scheduling of documentation. Since that issue had a direct bearing on the Committee's effectiveness, unlike some of the other issues to be addressed in the review of the Fifth Committee's working methods, it should be given priority in the discussions. He asked when the report on results-based budgeting would be ready and when it would be taken up. He agreed that peacekeeping operations, gratis personnel and the reports on United Nations reform which the General Assembly had referred to the Committee should be given priority. However, he did not agree that the General Assembly was obligated to determine whether the agenda items it allocated to the Main Committees would fit into their programmes of work; rather, the Committees must make the necessary adjustments to accommodate such items.

24. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee was making every effort to ensure that its reports on peacekeeping operations, the support account and gratis personnel would be issued shortly. He shared the views expressed with regard to the quality of some of the reports submitted by the Secretariat, and noted that the Advisory Committee had had to ask the Secretariat to clarify issues which had not been adequately covered in those reports. Such problems would probably continue until the top management of the Secretariat took a hard look at their causes. The Advisory Committee had made extensive

comments on the problem in its general report on peacekeeping operations.

25. He recommended that the Fifth Committee should request the General Assembly to defer to its fifty-third session the consideration of the report on the Guidelines for Internal Control Standards (A/52/867), so that the report could be taken up together with the reports of the Board of Auditors. That would also enable the Advisory Committee to conduct a thorough review of the report, and particularly of the proposal that article X of the Financial Regulations should be amended. That proposal should not be taken lightly; the Advisory Committee must be given time to study all of its implications and to discuss the fundamental issues involved with the Secretariat and the Board of Auditors.

26. **Mr. Halbwachs** (Controller) said that the report on savings resulting from the improved cost-effectiveness of UNCTAD had not yet been submitted because the Working Party of the Trade and Development Board had not finished reviewing it until 8 May. The report would be processed as quickly as possible after it was received. The report on results-based budgeting should be available by 22 May. The report of the Office of Internal Oversight Services (OIOS) on the United Nations Angola Verification Mission would be available on 14 May, as indicated in document A/C.5/52/L.34 under agenda item 123. With respect to the overall question of documentation, only about 10 of the documents for the current session were not yet available, whereas 114 had already been issued. The problem was one of capacity.

27. **Ms. Fahmy** (Egypt) supported the views expressed on behalf of the Group of 77 and China with regard to the Secretary-General's report on the United Nations Conference on Trade and Development (UNCTAD), which had been requested in General Assembly resolution 52/220. When the report was finally issued, the Secretariat in New York and the Secretary-General should put forward recommendations based on the views of the Trade and Development Board, and ACABQ should submit its comments on the report.

28. She expressed her delegation's disagreement with the Secretariat's suggestion that consideration of the report by the General Assembly should be postponed until the fifty-third session, especially since the relevant General Assembly resolutions requested that the savings achieved by UNCTAD should be utilized during the biennium 1998-1999.

29. The solution proposed by the representative of Indonesia was the only solution acceptable to her delegation, namely, that the report should be considered during either

the current part or the third part of the resumed fifty-second session.

30. **Mr. Sulaiman** (Syrian Arab Republic) pointed out that the Controller had failed to reply to the point he had raised about item 122 concerning United Nations peacekeeping forces in the Middle East. The mere mention of a date on a document did not mean that the Secretariat had actually expedited its issuance. He was very concerned that the documents under item 122 had been issued late; they should have been made available at least one month earlier. He asked the Controller to clarify the reasons for the continuing delay in issuing the documents, even though the second part of the resumed session had begun.

31. **The Chairman** suggested, with respect to the three new reports allocated to the Fifth Committee under General Assembly decision 52/477, that the Committee should consider the note on the utilization of the Development Account (A/52/848) under agenda item 116 (Programme budget for the biennium 1998-1999), and the documents on a revolving credit fund (A/52/822) and the implementation of pilot projects (A/52/852) under agenda item 114 (Review of the efficiency of the administrative and financial functioning of the United Nations).

32. *It was so decided.*

33. **The Chairman**, replying to the representative of the Syrian Arab Republic, said that the Advisory Committee's reports on the financing of the United Nations peacekeeping forces in the Middle East would be available on 13 May. He agreed with the Egyptian representative that the Secretary-General's proposals on the savings achieved by UNCTAD should be considered at the current session, and suggested that the Committee should decide to request the Secretariat to submit those proposals as soon as possible so that the Committee could consider them during the third part of the resumed fifty-second session.

34. *It was so decided.*

35. **The Chairman** reiterated, on the Committee's behalf, that the Secretariat, in preparing reports, should adhere to the provisions of General Assembly resolution 52/214 B and General Assembly decision 52/471. With respect to the references to reports that were of poor quality, he asked delegations to specify which reports they meant so that the Secretariat offices concerned could take corrective action. With respect to the overall issue of late documentation, the Committee must be realistic in requesting reports and setting time-frames for their submission. The six-week rule could not always be observed, given the short space of time that elapsed between parts of the resumed session. Those issues

would be addressed during the Committee's review of its working methods.

36. **Mr. Farid** (Saudi Arabia) said he agreed that the Committee should not consider the Guidelines for Internal Control Standards until the Advisory Committee had thoroughly reviewed the report on the subject (A/52/867). His delegation had not yet received the new procurement manual, which was to have been issued by 30 April 1998. Moreover, his delegation had twice asked for specific information, which the Secretariat had twice failed to provide: first, the number and names of staff members who had been transferred from the regular budget to the support account and back again, and what grades they occupied after having been transferred back to the regular budget; and second, how many of the total number of posts to be eliminated related to developing countries.

37. **Mr. Sulaiman** (Syrian Arab Republic) expressed his delegation's sympathy with regard to the volume of work being performed by the Secretariat and pointed out that his question concerned the reasons for the delay in issuing the reports of ACABQ on the United Nations Disengagement Observer Force and the United Nations Interim Force in Lebanon, even though those reports had been ready for about one month and the Advisory Committee had concluded its consideration of them. It had simply been a question of translation of the documents. In the light of what the Secretariat had said concerning the delay in issuing the documents until 13 May, he would like the representative of the Secretariat to indicate the reasons for that additional delay.

38. **Mr. Mirmohammad** (Islamic Republic of Iran) pointed out that, of the 114 documents already issued, many had been prepared not for the current part of the resumed session, but for the main part of the fifty-second session. Moreover, some of the documents which had not yet been issued had been requested the previous year or even earlier.

39. **The Chairman** drew attention to the Committee's proposed programme of work for the current part of the resumed session, which had been circulated as an informal paper. In connection with agenda item 137, on the financing of the International Criminal Tribunal for Rwanda, the Bureau was of the view that, since the current part of the session would be devoted mainly to issues relating to peacekeeping operations, sufficient time might not be devoted to that important item and the Committee might therefore wish to postpone consideration of the item to the fifty-third session of the General Assembly.

40. **Mr. Hanson** (Canada), speaking as coordinator of the informal consultations on agenda item 137, said that some

delegations had expressed concern about informal consultations in which persons who had appeared before the Committee had effectively used the informal meeting as a forum to argue for and against the findings of OIOS. Another concern was that some of the documents which had been made available in the informal meeting contained information that could be embarrassing to identified individuals. In his opinion, if there was to be a debate during informal consultations, only Member States should be parties thereto.

41. It might be useful for a representative of the Secretary-General to participate in the informal meetings in order to be able to respond to the proposals of OIOS. He noted that an earlier draft of the programme of work had allowed one hour for informal consultations on the item. One hour was not sufficient, even though he agreed that priority should be given to the budgets of the peacekeeping operations and to other time-bound matters. It might therefore be appropriate to defer informal consultations on the item to a later date.

42. **Mr. Moktefi** (Algeria) said that the exchange between the representatives of OIOS and of the International Tribunal had been very useful and it was appropriate that members should hear both sides before taking a decision on the matter. While it valued the work of OIOS, his delegation did not believe that the Office could represent an organ which was involved in the prosecution of people; OIOS was an oversight body and must carry out its mandate within certain limits. The General Assembly at its fifty-third session should therefore take steps to delineate those limits clearly.

43. **Mr. Odaga-Jalomayo** (Uganda) said that representatives had heard conflicting views during the informal consultations and it was difficult for them to know whom to believe. Issues related to crimes against humanity deserved the highest priority and he shared the concern of the representative of Canada that the one hour which had been allocated for consideration of the item on the International Criminal Tribunal for Rwanda was insufficient. As a matter of principle, however, the current part of the resumed session was devoted to peacekeeping operations and related issues. Those matters should therefore be the focus and his delegation would be reluctant to consider any other matters during the current part of the session.

44. **The Chairman** said that, in light of the views which had been expressed, he would request the coordinator to hold informal consultations on agenda item 137 on 15 May.

45. *It was so decided.*

46. **Ms. Buergo Rodriguez** (Cuba) reiterated her delegation's earlier question concerning the report requested

by the Assembly on savings for the 1996-1997 biennium. She hoped that the Controller would provide information on the matter before the conclusion of the meeting. Since the Controller had stated that the problems of documentation were due to the Secretariat's limited capacity, the General Assembly must increase resources in that area to ensure the timely issuance of documents. The problem of the quality of documents also needed to be addressed, since many reports were requested because previous reports needed clarification.

47. **Mr. Halbwachs** (Controller) said that, except for a report on the United Nations Conference on Trade and Development, information on which was expected shortly, he was unaware of any other requests for reports on savings realized during the biennium 1996-1997.

48. **Ms. Powles** (New Zealand) noted that only a few hours had been allocated for consideration of item 153 on the proposed code of conduct. In view of the General Assembly's request that consideration of that item should be expedited, she wondered whether it might be possible to bring forward the consideration of the item to the first week of the current part of the resumed session, given the Committee's relatively light workload during that period.

49. **The Chairman** recalled that the International Civil Service Commission was due to complete its consideration of the proposed code by 15 May. The Bureau would keep the matter under review to determine whether it might be possible to bring forward its consideration. If he heard no objection, he would take it that the Committee approved the proposed programme of work, as orally revised, on the understanding that adjustments would be made as necessary.

50. *It was so decided.*

Agenda item 114: Review of the efficiency of the administrative and financial functioning of the United Nations (continued) (A/52/867)

51. **Mr. Connor** (Under-Secretary-General for Management), introducing the report of the Secretary-General on the Guidelines for Internal Control Standards (A/52/867), said that the United Nations had a well-developed system of internal controls, which were documented in the Secretary-General's bulletins, administrative instructions and management and personnel directives and in numerous procedures manuals. The streamlining and strengthening of the Organization's internal control structures were an important part of the Secretary-General's reform. Indeed, the Organization's efforts to improve management control and enhance accountability

must be geared to the recognized best practices in internal controls management.

52. The Guidelines for Internal Control Standards provided the internationally recognized compendium of such best practices by capturing in broad terms internal control concepts, objectives and structures. The Guidelines set out definitions and limitations of internal controls, reviewed fundamental standards and provided recommendations for monitoring internal controls. Their acceptance by the United Nations would signify the Organization's formal compliance with internationally approved standards of internal controls and would permit the efficiency of its internal controls to be checked against those standards in the course of ongoing reform. Both the Board of Auditors and the Office of Internal Oversight Services concurred with that view.

53. The Secretary-General had therefore decided to adopt the Guidelines as a general substantive standard to which the Secretariat's internal control procedures should conform and to take appropriate measures to bring existing internal controls into line with that standard. He believed that it would be appropriate to reflect the formal acceptance of the Guidelines in the Financial Regulations of the United Nations and proposed that the General Assembly should adopt the amendment to article X of the Financial Regulations, which was spelled out in paragraph 11 of the report.

54. It should be noted that the Guidelines provided minimal acceptable standards of internal controls. The United Nations funds and programmes, the programmatic and operational activities of which comprised a considerable share of their mandate, were at liberty to adopt a more extensive and specific system of internal controls suitable to those areas. The standards of the Guidelines would remain the core of any such system.

55. **Mr. Kamal** (Pakistan) said that the report of the Secretary-General included a number of useful elements for streamlining and strengthening the Organization's system of internal controls, particularly in view of the current financial crisis. At the same time, the contents of the annex to the report should be carefully examined to ensure that its provisions were in conformity with the regulations and rules of the United Nations.

56. While the Guidelines might be appropriate for national Governments, the United Nations had a detailed and elaborate structure of internal controls in which the existing oversight bodies played a significant role. Under current arrangements, the internal and external controls complemented rather than duplicated each other's work. The

contents of paragraph 85 of the annex to the report therefore needed further clarification.

57. The provision in paragraph 81 for audit by private commercial auditors could not and should not be applicable to the United Nations. He wished to recall, in that connection, the observations of ACABQ that the audit functions of the Organization should be performed by the competent bodies authorized by the General Assembly (A/52/7, paras. 98-106).

58. His delegation had noted the reference in paragraph 84 of the annex to the report to the lack of independence and weakness or non-existence of internal audit units; in such a situation, the report foresaw the secondment or lending of staff to strengthen the Organization's internal audit function. He pointed out that such a practice might compromise the operational independence of the existing internal oversight mechanism.

59. The proposal to amend the Financial Regulations of the United Nations should be examined by the Advisory Committee before it was acted upon by the Fifth Committee. Since the proposal envisaged changes to the audit function in the Organization, the Board of Auditors should also be required to comment on the proposal.

60. **Mr. Moktefi** (Algeria) noted that a report of the Secretary-General which had not been requested by the General Assembly was being considered at the first meeting of the second part of the resumed session. While the need to enhance the Organization's efficiency was generally accepted, his delegation would have difficulty in adopting the Guidelines without an in-depth study of its provisions, a number of which needed further clarification, including those contained in paragraphs 70, 81 and 85 of the annex to the report. Any proposal to amend the Financial Regulations should first be reviewed by the Advisory Committee before it could be endorsed by the Fifth Committee. At the current stage, his delegation could agree only to a decision to begin informal consultations on the report.

61. **Ms. Buergo Rodriguez** (Cuba) acknowledged the importance of improving oversight procedures, especially in view of the Organization's current financial difficulties. The proposals contained in the Secretary-General's report, however, particularly those related to the participation of private commercial auditors, were inappropriate. Her delegation therefore believed that the report should be submitted to the Advisory Committee for review, especially in view of the proposed changes to the Financial Regulations of the United Nations.

62. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union, said it was his understanding that both the Board of Auditors and OIOS had agreed with the recommendations of the Secretary-General as contained in the report. However, if some delegations still had concerns, the matter should certainly be discussed further.

63. **Mr. Gjesdal** (Norway) said that his delegation supported in principle the decision of the Secretary-General to adopt the Guidelines as a general standard for internal controls. The Guidelines applied to four levels of activity, not only to the traditional areas of administration and finance, but also to management, covering policy and planning, and to programme activities relating to the mission of an organization. Internal controls were also to be regarded as a management tool, which his delegation viewed as a very important approach. The Guidelines provided a minimum acceptable standard of internal controls, and United Nations funds and programmes should be encouraged to develop further their own systems of internal controls on that basis. His delegation had an open mind concerning changes to the Financial Regulations.

64. **Mr. Repasch** (United States of America) pointed out that virtually every State Member of the United Nations was also a member of the International Organization of Supreme Audit Institutions (INTOSAI) and as such had endorsed the Guidelines for use in national Governments. His delegation agreed that ACABQ should review the report, but hoped that its comments could be received before the end of the current part of the resumed session. He also asked for clarification as to whether the Board of Auditors had endorsed the recommendations in the report.

65. **Mr. Saha** (India), referring to the proposed amendment to article X of the Financial Regulations, said he understood that the internal control systems and procedures would remain unchanged, but that any changes brought about by the Guidelines would be submitted to the Committee for approval.

66. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that there were established procedures for discussing such reports. He had said earlier that ACABQ would take up the item in connection with the larger issues contained in the report of the Board of Auditors at the fifty-third session of the General Assembly. At that time, the Advisory Committee would exchange views with the Board of Auditors and the Secretariat. Furthermore, ACABQ was required to review the proposed amendment to article X of the Financial Regulations. In his view, normal procedures should be

followed to allow the Committee and ACABQ to perform their function of advising the General Assembly.

67. **Mr. Connor** (Under-Secretary-General for Management) said that the Board of Auditors and OIOS had strongly recommended the adoption of the standards mentioned in the report. He had, however, no objection to a review by ACABQ.

68. **Mr. Odaga-Jalomayo** (Uganda) said that his delegation was not prepared to take action on the item, as several issues needed clarification, particularly the amendment to the Financial Regulations. He wondered why ACABQ had decided not to review the report, and why the comments of the Board of Auditors and OIOS had not been included in the report. While it was true that many Member States did belong to INTOSAI, certain issues still required discussion. He agreed that consideration of the item should be deferred to allow established procedures to be followed.

69. **Mr. Moktefi** (Algeria) said that the views of OIOS and the Board of Auditors would be useful, along with those of ACABQ. Consideration of the item should thus be deferred.

70. **Mr. Ekoponga Ndong** (Cameroon) said that the change in the Financial Regulations appeared to be presented as a *fait accompli*. His delegation, however, was not prepared to take action without first hearing the views of ACABQ and without adequate time to consider the proposed change. He therefore supported the proposal to defer consideration.

71. **Mr. Ivanov** (Bulgaria) said that his delegation supported the statement made by the United Kingdom on behalf of the European Union and welcomed the recommendations contained in the report. It also welcomed the attention being given to the internationally accepted standards for internal controls, which were based on common sense. He urged ACABQ to consider the report at its earliest convenience.

72. **The Chairman** said that further consideration of the item would be deferred.

73. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had informed the Secretariat not that it did not wish to take up the report, but that it would be more appropriate to do so in conjunction with the consideration of the report of the Board of Auditors at the fifty-third session. The Board was made up of individuals who might not be fully aware of United Nations procedures, and national practices must sometimes be tailored to the needs of the Organization. The Advisory Committee's review of the report would ensure that the adoption of the

new Guidelines would have no adverse effects on the Organization.

Agenda item 116: Programme budget for the biennium 1998-1999 (continued) (A/52/758, A/52/848, A/52/894, A/52/7/Add.10)

74. **The Chairman** said that members would recall that the General Assembly, on the recommendation of the Committee, had decided to defer consideration of the report of the Secretary-General on the reduction and refocusing of non-programme costs (A/52/758), together with the related report of the Advisory Committee (A/52/7/Add.10), pending the submission of a detailed report of the Secretary-General on the sustainability of the Development Account and the performance criteria for the use of resources to the Committee at the second part of its resumed session.

75. **Mr. Connor** (Under-Secretary-General for Management) introduced the note by the Secretary-General on the utilization of the Development Account (A/52/848), which was part of the continuing discussion on the creation of a dividend for development. Sustainability of the Development Account was critical to its success. As indicated in paragraph 4 of the note, efforts to improve productivity would produce gains, and once those gains had been identified and achieved, approval would be sought to transfer the associated resources into the Account under section 34 of the programme budget (Development Account). Once the funds transferred into that account reached a level of \$200 million, the Account would become a permanent feature of the budget. The Under-Secretary-General for Economic and Social Affairs would be the Programme Manager for the Account. In conclusion, he stressed that it was important to continue to increase productivity so that the Development Account could grow.

76. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the utilization of the Development Account (A/52/894), said that the Development Account would comprise resources transferred to it as a result of efficiency measures, an exercise which did not in any way constitute a reduction of the regular budget. Resources for transfer to the Account must be identified clearly in performance reports on the budgets. Balances resulting from the effects of inflation and currency fluctuation were not available for transfer to the Account. Efficiency measures must be implemented throughout the Secretariat and should not be confined to central support services such as the Department of Management. The balance of the appropriation under section 34 would be

transferred to the special development account to be available for future bienniums.

77. In paragraph 4 of the report, the Secretary-General attempted to describe the procedure for the transfer of resources to the Development Account. However, the Advisory Committee did not support the statement that prospective productivity gains anticipated in the forthcoming biennium would be transferred to the Account. It regarded that view as a contradiction of the statement in the same paragraph that once productivity gains had been identified and achieved, approval by the General Assembly would be sought for the transfer of the associated resources into the Development Account. The Advisory Committee stressed that it was neither possible nor advisable to transfer prospective productivity gains. It should also be borne in mind that, in recent years, Member States had forced the Secretariat to absorb the cost of additional mandates within so-called "available resources". The level of resources for transfer to the Account must therefore be based on the results of budget implementation. As emphasized by ACABQ in paragraph 6 of its report, the actual results of efficiency initiatives should be indicated to the satisfaction of the General Assembly before the related savings could be approved for redeployment.

78. The time-frame for funding the Account was still to be clarified. In paragraph 4 of his report, the Secretary-General stated that, over time, additional funds would be transferred from productivity gains until the Account reached a level of \$200 million, but the meaning of "over time" was unclear. If the Secretariat still insisted on realizing \$200 million by the biennium 2002-2003, then it was the view of ACABQ that the time-frame was overambitious. It was yet to be demonstrated that \$200 million could be transferred to the Account in that time-frame without any affect on programme delivery.

The meeting rose at 1 p.m.